



## Police and Fire Pension

### Mission

To accumulate sufficient financial assets in order to provide long-term pension benefits to the City's Firefighters and Police Officers who have served the residents of the City of Pembroke Pines.

### Goals

To accurately account for all the financial resources of the Pension Plan, whether earned through investments or contributed by the City, the State, and the members; to pay pension benefits as they become due; and to maintain the actuarial soundness of the Plan.

### Objectives

To provide accurate, timely and efficient accounting for the Firefighters and Police Officers Pension Fund's activities, as administered by the Pension Board of Trustees (hereinafter referred to as the Board).

To maintain the actuarial soundness of the Plan by funding the full amount of the Annual Required Contribution as determined by the Plan's actuary.

To invest the assets of the Plan in accordance with the Investment Policy adopted by the Board.

To ensure that all members of the Plan contribute the required 10.4% of regular wages.

To accurately pay pension benefits to retired members and their beneficiaries on a timely basis and in accordance with stated policy.

### Major Functions and Activities

The Plan, which is a single employer, defined-benefit plan, was established to provide retirement benefits to Firefighters and Police Officers in the City. A more detailed description of the Plan and its provisions--constituting the plan and the summary plan description--appears in the City's Code of Ordinances.

The City of Pembroke Pines Firefighters and Police Officers Pension Fund was established by referendum in 1973. It has subsequently been amended by the following ordinances:

ORDINANCE NUMBER	DATED
557	February 19, 1981
829	March 4, 1987
967	September 19, 1991
1014	November 4, 1992

1067	February 16, 1994
1091	September 8, 1994
1131	September 6, 1995
1198	December 18, 1996
1249	January 7, 1998
1318	November 17, 1999
1321	December 15, 1999
1325	January 19, 2000
1353	September 20, 2000
1360	November 15, 2000
1443	June 18, 2003
1480	March 17, 2004
1521	August 3, 2005
1572	February 21, 2007
1581	May 16, 2007
1669	August 4, 2010
1693	June 15, 2011

The City is required to contribute an actuarially determined amount that, when combined with participants' contributions and contributions from the State of Florida, will fully provide for all benefits as they become payable.

Participants are required to contribute 10.4% of regular wages, the State contributes approximately 7.8%, and the City's contribution is based on the actuarial valuation using the frozen-initial-liability method and the level-percent closed-amortization method. Unfunded liabilities are amortized over 30 years, consistent with Chapter 112, Part VII, Florida Statutes.

**Eligibility:**  
All full-time employees, as defined in the Ordinance, are required to participate in the Pension Plan as a condition of continued employment, provided that at the time of hiring the employee is at least eighteen years of age and has satisfactorily completed all required medical examinations.

**Service Retirement Benefits:**  
For Police Officer and Firefighter members of the Plan, normal retirement is the earliest of (1) the attainment of age 50 and the completion of 10 years of continuous service, or (2) the completion of 20 years of service regardless of age.

Police officers hired before May 1, 2010, shall receive a monthly pension, equal to 4% per year of continuous service prior to May 1, 2010 plus 3.5% per year of continuous service after April 30, 2010, of the average monthly earnings for the highest two years multiplied by the number of years of continuous service provided the pension does not exceed 80% of the average monthly earnings.



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Police officers hired after April 30, 2010, shall receive a benefit amount equal to 3% per year of the average monthly earnings for the highest two years multiplied by the number of years of continuous service provided the pension does not exceed 80% of the average monthly earnings for the highest two years of continuous service.

Firefighter members hired on or before June 18, 2003, shall receive a monthly pension, payable for life, equal to 4% per year of continuous service accrued prior to May 1, 2010, plus 3.5% per year of continuous service after April 30, 2010, times the average monthly earnings for the highest two years multiplied by the number of years of continuous service provided pension does not exceed 80% of the average monthly earnings.

Firefighter members hired after June 18, 2003, but before May 1, 2010, shall receive a benefit amount equal to 4% plus 3.5% per year of continuous service after April 30, 2010, times the average monthly earnings for the highest two years provided the pension does not exceed 80% of the average monthly salary. To be eligible for this benefit, firefighter members must retire or enter the DROP no later than the date they accrue the same accrual percentage they would have reached under the terms of the Plan in effect prior to April 30, 2010.

Firefighters hired after April 30, 2010, shall receive a benefit amount equal to 3% of the average monthly earnings for the highest two years of continuous service multiplied by the number of years of continuous service provided that the pension does not exceed 80% of the average monthly earnings.

Upon retirement, firefighter members who were hired on or after April 1, 2006, shall receive a fixed 3% increase to their retirement benefit on April 1 of each year following retirement. Firefighters hired on or after May 1, 2010, who retire or enter the DROP, and their beneficiaries, shall receive a 1.5% increase to their retirement benefit on October 1st each year following retirement.

For firefighter and police officer members who retired prior to April 30, 2010, under the Career Anniversary Pension retirement Incentive Option, earnings may include payment up to 1,000 hours of accrued unused leave. Effective May 1, 2010, firefighter and police officer members may include only accrued time earned as of April 30, 2010, up to 1,000 hours, in the final calculation of pension benefits. For employees hired after April 30, 2010, no payment of accrued leave will be included in the final calculation of pension benefits.

For firefighter and police officer members hired before May 1, 2010, entering the DROP after April 30, 2010, DROP interest credits will be based upon Plan gross return, subject to a minimum 5% to a maximum 8% per annum.

## Budget Highlights

The Annual Required Contribution (ARC) for fiscal year 2012-13 is approximately \$25.2 million; this represents an increase of \$1.3 million or 5.4% over the 2011-12 working budget. The reason for the increase is mainly attributable to the fact that actual investment performance has been significantly lower than expected.

The Fire and Police Pension budget includes an estimated annual rate of return of 8.0%, which approximates to \$28.5 million in investment income. The actuarial assumption of 8.0% represents the average long-term expected rate of return.

## Accomplishments

The City's ARC for the fiscal year ending 2011-12 is \$21.5 million. This represents a \$0.5 million or 2.5% increase from last year. The City will be making the full contribution by the end of the year.

For the period ending March 31, 2012, the Fire and Police Pension investments were valued at \$363.4 million. The annualized net rate of return for the Plan was 5.36% for the twelve months ending March 31, 2012.

# Police and Fire Pension Performance Measures

Indicator	2009-10		2010-11		2011-12	2012-13
	Actual	Goal	Actual	Goal	Goal	Goal
<b>Outputs</b>						
Retired participants	263	273	281	248	278	320
Benefits (in millions) paid to participants (including DROP)	\$18.3M	\$15.1M	\$20.4M	\$20.9M	\$22.0M	\$24.7M
<b>Effectiveness</b>						
% of transfers completed within pay period	100%	100%	100%	100%	100%	100%
Return on investment	7.99%	8.00% **	0.1%	8.00% **	8.00% **	8.00%
City contribution as a % of covered payroll	80.65%	88.20%	78.27%	71.60%	77.20%	84.10%
<b>Efficiency</b>						
% of administrative costs to total fund assets	0.27%	0.20%	0.23%	0.30%	0.30%	0.20%

\*\* The actuarial assumption of 8% represents the average long-term expected rate of return.

### Police and Fire Pension - Budget Summary

Revenue Category	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Budget
Investment Income	18,737,041	-4,039,092	27,397,000	28,460,000
Other Miscellaneous Revenues	46,815	48,038	-	-
Pension Fund Contributions	27,570,865	26,309,832	26,911,536	28,134,759
Beginning Surplus	-	-	-29,893,536	-29,460,759
<b>Total</b>	<b>46,354,721</b>	<b>22,318,778</b>	<b>24,415,000</b>	<b>27,134,000</b>

Expenditure Category	2009-10 Actual	2010-11 Actual	2011-12 Budget	2012-13 Budget
Operating				
Professional Services	2,073,244	2,147,069	2,290,000	2,331,400
Travel Per Diem	-	-	10,000	7,500
Insurance	-	-	20,000	20,000
Other Current Charges and Obligation	18,268,505	20,419,430	22,050,000	24,730,000
Operating Supplies	-	-	45,000	45,100
Operating Subtotal	20,341,749	22,566,499	24,415,000	27,134,000
<b>Total</b>	<b>20,341,749</b>	<b>22,566,499</b>	<b>24,415,000</b>	<b>27,134,000</b>